# GOVERNMENT OF INDIA
# FINANCE
# LOK SABHA

UNSTARRED QUESTION NO:41
ANSWERED ON:22.02.2013
INTEREST FREE AGRICULTURAL LOANS TO FARMERS
Ramkishun Shri

**Will the Minister of FINANCE be pleased to state:**

(a) whether the Government/RBI has issued any directions to the public sector banks to provide interest free agricultural loans to farmers; and

(b) if so, the details thereof and the response of the banking industry thereon?

## Answer

The Minister of State in the Ministry of Finance (Shri Namo Narain Meena)

(a) :- No such directions have been issued by the Government. However, the `Interest Subvention Scheme' is being implemented by the Government of India since 2006-07 with Public Sector Banks, Regional Rural Banks and Co-operative Banks to make short-term crop loans upto Rs.3 lakh available to farmers at the interest rate of 7 percent per annum. In addition, the Government of India has since 2009-10 been providing additional interest subvention to prompt payee farmers, i.e., those who repay their loans in time. The additional subvention was 1% in 2009-10, 2% in 2010-11 and 3% in 2011-12. Further, in order to discourage distress sales, the benefit of interest subvention was made available in the year 2011-12 to small and marginal farmers having Kisan Credit Card for a further period of up to six months post harvest on the same rates as available to crop loans against negotiable warehouse receipts for keeping their produce in warehouses. The Interest Subvention Scheme for the year 2011-12 has been continued in 2012-13 as well.

(b) :- Does not arise.